

Community banker

Six Steps for Success When Buying CRM Software

By Nancy Feig

CRM, at its best, organizes the different areas within a bank, including information from branches, to create a unified memory of a customer and instructions on how to treat that customer. Many banks are finding that CRM software is becoming a must-have marketing tool.

Here are six steps banks can take to help guide their CRM software purchasing decisions.

Step 1: **Assess Your Needs And Expectations**

The first thing banks should do when considering CRM software is to determine the bank's overall CRM strategy.

Some experts recommend working backwards, with your goal in mind. "Before a bank considers going the CRM route, they should have a general philosophy of what they are trying to accomplish," said Rich Weissman, president and chief executive officer of The Database Marketing Agency Inc. CRM systems should help banks better penetrate existing customers, better target and market to prospects, and, "most importantly," significantly add profitability to the bank's bottom line, he said.

Step 2: **Decide Which Options Are Critical**

At this point, banks should decide what they absolutely must have in terms of CRM software. They should also develop a list of important, but not critical, needs, and a list of things that would be nice to have in a system, like add-ons.

There are many levels of CRM software on the market. Weissman breaks the software down into five levels, ranging from basic to advanced.

The simplest systems just keep track of basic contact information. "It's basically an elaborate, nice, telephone book," Weissman said.

The second level has the ability to track contacts. These systems take the concept of a universal telephone book and add the ability to track telephone calls, meetings, and e-mails. This and the universal telephone book are stand alone, meaning they don't integrate with other databases in the bank.

The next level brings in account data. On these systems, when a bank employee looks up a customer, he or she can not only see the customer's contact info, but also can look at which accounts the customer has with the bank.

Bringing in profitability data is the next step. At this level, the CRM system moves from one that houses information to one that creates information. These systems offer "an income statement for each account that each customer has" to show the bank "how much money they are making or losing for each account," Weissman said.

The highest level is a fully integrated CRM system. That's where the CRM system is incorporated into the sales and marketing database system and allows for analysis of each customer relationship for each account. Systems at this level look at customers to determine what new products to offer them. Systems at this level also have the ability to bring in external data, such as information on demographics and business graphics.

"We are firm believers that, at a minimum, you should have a level four" system, Weissman said.

Step 3: **Match Your Needs With Software**

After determining the bank's needs, the next step is to conduct due diligence to match those needs with appropriate vendors and serv-

ices. Some vendors can match their technology with the software needs of many institutions. Other providers specialize in a certain area, which may or may not match the area of a bank's focus.

Step 4: Narrow Down Choices And Issue RFPs

"It's important that they deal solely with financial institutions and have a very good knowledge of what financial institutions need and of the competitive landscape," Weissman said. "They should understand things besides CRM at banks," like teller systems, help desks, and the call center side, he said.

When issuing request for proposals, banks should be specific about what they are looking for, and make sure all questions and requests are addressed.

Step 5: Evaluate the Vendor Proposals

"The biggest mistake is buying CRM based on how pretty the screen is," Weissman said. "The screen should look pretty good, but what's behind the screen?" he asked. Questions to ask include:

- Does the system have profitability assessment and analysis?
- Is it based on relationship creation, not customer or house holding?
- Does it have a data warehouse for historical data?
- Does it include retail and commercial?
- Is it providing external data?
- Is it integrating all that into a consolidated view of the customer relationship?
- Is it a fully integrated system?

Costs are big with CRM software, but the return on investment can be even bigger.

"It's a real wide range," Weissman said, adding that there are systems that are affordable. "We work with banks that are very small and very large. Our CRM is affordable to the small guys," he said.

Step 6: Implement the CRM System

Utilizing, not just having, a CRM system is critical, Weissman said.

"Work with someone who is going to do all the set up for you," Weissman said. A key part of CRM training is working with the bank over the long haul to leverage the potential of the system, he said.

Access is extremely important, Weissman said. "Frequently I see banks make this purchase and give only a handful of employees access. That makes no sense," he said. "You have to get this out to all the people that have direct customer contact ... or what's the point of having it?" **16**



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